

## Message Text

CONFIDENTIAL

PAGE 01 SEOUL 02785 120741Z  
ACTION OES-07

INFO OCT-01 EA-10 ISO-00 ACDA-12 CIAE-00 INR-10 IO-13  
L-03 NSAE-00 NSC-05 EB-08 NRC-05 SOE-02 DODE-00  
SS-15 SP-02 CEQ-01 PM-05 EUR-12 COME-00 H-01  
XMB-02 OMB-01 TRSE-00 /115 W  
-----094178 120747Z /21/15

P R 070446Z APR 78  
FM AMEMBASSY SEOUL  
TO SECSTATE WASHDC PRIORITY 295  
DOE WASHDC PRIORITY  
DOE GERMANTOWN PRIORITY  
INFO AMEMBASSY TOKYO

C O N F I D E N T I A L SEOUL 2785

C O R R E C T E D C O P Y (TEXT CORRECTED)

DEPT FOR OES/NET/IM D HOYLE; DEPT PASS NRC J LAFLEUR; DOE  
WASHDC M. MC DONNOUGH AND R WILLIT

E.O. 11652: GDS  
TAGS: ENRG, TECH, EFIN, BEXP, KS  
SUBJ: MOUNTING ROKG PREFERENCE OF EUROPEAN SUPPLIER FOR  
NUCLEAR PLANTS 7 AND 8

REF: SEOUL 713

1. SOUTH KOREAN GOVERNMENT NUCLEAR POWER DECISION-MAKERS  
ARE CURRENTLY GEARING-UP TO EVALUATE SUPPLIER PROPOSALS AND  
REACH A DECISION ON THE PROCUREMENT OF TWO 900 MEGAWATT CLASS  
NUCLEAR POWER PLANTS IDENTIFIED AS KOREA NUCLEAR UNITS 7 AND  
8. THE CONTRACTS ARE TO BE AWARDED IN LATE 1978 AND WE ANTI-  
CIPATE A FLURRY OF VENDOR ACTIVITY OVER THE NEXT FEW MONTHS  
WHICH WILL PROBABLY PICK UP MOMENTUM ONCE THE NUCLEAR UNITS  
5 AND 6 (KORI 3 AND 4) CONTRACTS NOW BEING FINALIZED ARE  
PUT TO BED. THE EMBASSY'S CURRENT READING IS THAT THE US  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 SEOUL 02785 120741Z

MARKETING EFFORT WILL BE UPHILL ALL THE WAY AND THAT EURO-  
PEAN NUCLEAR AND CONVENTIONAL COMPONENT VENDORS PRESENTLY  
ENJOY A FAVORED POSITION. AS IN THE CASE OF THE KORI 3 AND  
4 AWARDS, THE MAIN ACTOR ON THE ROK SIDE WILL BE THE UTILITY  
ITSELF, KOREA ELECTRIC COMPANY, AND WITHIN KECO THE FORECEFUL  
PERSONALITY OF PRESIDENT KIM YUNG-JOON IS CERTAIN TO AGAIN  
DOMINATE THE DECISION-MAKING PROCESS.

2. ROKG PROPONENTS OF QUOTE MORE EQUITABLE UNQUOTE DISTRIBUTION OF KOREAN PURCHASES FROM ELECTRIC GENERATING STATION SUPPLIERS (US IS SUPPLYING 3580 MWE OF 5080 MWE GENERATING CAPACITY TOTAL OF ELEVEN MOST RECENT PLANT ORDERS) CONTINUE TO CITE THE CONGRESSIONAL-EXIM EMROGLIO CONCERNING KORI 3 AND 4 FINANCING (REFTEL) AS EVIDENCE THAT PURCHASES FROM EUROPEAN SUPPLIERS ARE LESS SUSCEPTIBLE TO UNPREDICTABLE POLITICAL ACTIONS. THESE SAME GOVERNMENT CIRCLES ARGUED FOR PURCHASE OF NUCLEAR PLANTS 5 AND 6 (KORI 3 AND 4) FROM A NON-US SUPPLIER FOR POLITICAL REASONS BUT THE INFLUENTIAL AND CAPABLE LEADERSHIP OF KOREA ELECTRIC CO WAS AT THAT TIME INCLINED TO FAVOR A US SOLUTION AND SUCCEEDED IN PULLING TOGETHER A PRO-US BID ANALYSIS PACKAGE (PRICE, FINANCING, TECHNOLOGY TRANSFER AND TECHNICAL MERIT) WHICH COULD NOT BE DISCREDITED.

3. SOME GOVERNMENT CRITICS OF US ARE PROPOSING ACCELERATED NEGOTIATIONS WITH NON-US POWER REACTOR MANUFACTURERS TO TEST DEGREE OTHER COUNTRIES WILL DUPLICATE REQUIREMENTS OF US NON-PROLIFERATION ACT. THOSE WHO HAVE IN PAST SUPPORTED ACTIONS CONSISTENT WITH US POLICY ARGUE THAT US SAFEGUARDS ARE MATTER OF RECORD WHEREAS HASTY PURCHASE OF A NON-US PLANT COULD LEAD TO REPETITION OF REACTOR CONSTRUCTION DELAYS ENCOUNTERED WITH THE WOLSUNG 1 CANDU PLANT BECAUSE OF CANADIAN GOVERNMENT VASCILLATION OF SAFEGUARD MATTERS. CANADIAN RELECTANCE TO ACCEPT 120 MAN CONTINGENT OF KOREAN

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 SEOUL 02785 120741Z

ENGINEERS FOR TRAINING ESSENTIAL TO MAINTENANCE AND OPERATION OF WOLSUNG 1 HAS BEEN A CONTINUING POINT OF CONTENTION BETWEEN TWO PARTIES. US POSTURE OF SHARING CIVIL USE TECHNOLOGY WHILE REQUIRING SPECIFIC SAFEGUARD CONDITIONS IS CITED AS MATURE POLICY WITHIN WHICH BUSINESS OF GENERATING ELECTRICITY FROM NUCLEAR FUEL CAN PROCEED ON A COMMERCIAL BASIS. THEY CONSIDER GENERAL MOOD OF UNCERTAINTY ABOUT US RELIABILITY AS NUCLEAR PLANT SUPPLIER UNREALISTIC AND LARGELY MOTIVATED BY CONGRESSIONAL CHAGRIN THAT PARK TONG SUN CASE IS BECOMING AN INTERNAL US MATTER WITH CONGRESS IN THE EYE OF THE HURRICANE.

4. NEVERTHELESS, OLD WOULD HAVE BEEN OPENED AND DRAWN KOREAN ATTENTION TO THE POLITICAL DELAYS ENCOUNTERED DURING THE 1974-1976 KORI 2 LOAN NEGOTIATIONS. WHILE KECO AND MINISTRY OF ENERGY OFFICIALS REMAIN CONCERNED THAT THE KORI 3 AND 4 LOANS WILL BECOME A CONGRESSIONAL HOSTAGE AND DELAY THE TWO UNIT PROJECT, THEY ARE GENERALLY INCLINED TO PLAN FOR THE FUTURE AND LOOK BEYOND KORI 3 AND 4 TO UNITS 7 AND 8. BOTH FRAMATOME AND K.W.U. HAVE MADE STRONG BIDS IN THE PAST AND ARE KNOWN TO BE PUSHING HARD FOR THE TWO NEW UNITS. THE SELECTION BY KECO OF EITHER NON-US SUPPLIER

WOULD CONFORM TO THE WISHES OF MASTER PLANNERS DESIRING  
GREATER NUCLEAR SUPPLIER NATION DIVERSIFICATION AND PROVIDE  
KECO WITH ASSURANCE THAT AT LEAST TWO OF THE FOUR UNITS  
(KORI 3 AND 4 PLUS PLANTS 7 AND 8) SLATED FOR CONSTRUCTION  
INITIATION IN 1978 WOULD ACTUALLY BEGIN ON TIME AND DELIVER  
ELECTRICITY AS PROMISED.  
SNEIDER

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** NUCLEAR POWER PLANTS, CONTRACTS, ELECTRIC POWER  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 07 apr 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978SEOUL02785  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780176-1161, D780150-0146  
**Format:** TEL  
**From:** SEOUL  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780480/aaaacqcv.tel  
**Line Count:** 123  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 0af934b4-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION OES  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 SEOUL 713  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 06 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 3039796  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MOUNTING ROKG PREFERENCE OF EUROPEAN SUPPLIER FOR NUCLEAR PLANTS 7 AND 8  
**TAGS:** ENRG, TECH, EFIN, BEXP, KS, US  
**To:** STATE DOE MULTIPLE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/0af934b4-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014